

The Examiner has continued the rejection of claim 13 under 35 U.S.C. §112, first paragraph, purportedly for the specification failing "to provide an enabling disclosure of means for rotating the platform." This rejection is respectfully traversed.

Claim 13 has been amended to recite "means for allowing rotation of the platform." Applicant respectfully submits that this rejection is moot with this amendment.

The Examiner has rejected claims 1 and 2 under 35 U.S.C. §103(a) as allegedly being unpatentable in part based upon Bishow (U.S. Pat. No. 4,193,592) in view of Montgomery (U.S. Pat. No. 5,226,868) and Karstadt (U.S. Pat. No. Des. 141,456). This rejection is respectfully traversed.

Applicant submits that the reliance upon Karstadt is improper because Karstadt is nonanalogous art. The standard for determining whether a piece of art is nonanalogous is 1) whether the art is within the field of the inventor's endeavor, and 2) if the art is not, then to determine whether the art is reasonably pertinent to the particular problem which the invention solves. *In re Deminski*, 796 F.2d 436, 442, 230 USPQ 313 (Fed. Cir. 1986). Karstadt is a design patent for an iron, which is clearly outside the field of exercise devices and more particularly, push-up devices. The second prong is also not satisfied because an iron design is not reasonably pertinent to the problem solved by the invention as described in, for example, the background of the invention of this patent application. Additionally, common sense would not reasonably lead a person of ordinary skill into searching through the iron art to find a solution to a problem arising in connection to exercise devices. See *In re Oetiker*, 977 F.2d 1443,

1447, 24 USPQ.2d 1443 (Fed. Cir. 1992). Therefore, claims 1 and 2 are patentable because Karstadt contrary to the Examiner's statements is nonanalogous art and is not within the knowledge of one of ordinary skill in the art.

Furthermore, in making an obviousness rejection the Examiner "cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to depreciate the claimed invention." *In re Fine*, 837 F.2d 1071, 5 USPQ.2d 1596 (Fed. Cir. 1988). Whether a particular combination might be "obvious to try" is not the test for patentability, but instead obviousness is tested by what the combined teachings of the relied upon art would have suggested to a person of ordinary skill in the art. *Id. citing In re Geiger*, 815 F.2d 686, 688, 2 USPQ2d 1276, 1278 (Fed. Cir. 1987); *In re Goodwin*, 576 F.2d 375, 377, 198 USPQ 1, 3 (CCPA 1978); *In re Keller*, 642 F.2d 413, 425, 208 USPQ 871,881 (CCPA 1981).

The Examiner's statement that "the manner of function of Montgomery's push-up board 14 is not particularly relevant here, however, in that Montgomery reference is only relied upon for its teaching that . . ." (emphasis in original) indicates that the Examiner was picking and choosing among isolated prior art disclosures to construct the claimed invention. Furthermore, the Examiner's statement that "a person of ordinary skill in the art could have readily appreciated that the Bishow's handle could be inclined in view of the Montgomery teaching" is circular at best and does not explain why a person of ordinary skill in art is capable of making this combination.

Applicants respectfully assert that the Examiner has incorrectly interpreted the term "engage" in view of the dictionary definition for the verb tense of engage which is

"[t]o interlock or cause to interlock; mesh." THE AMERICAN HERITAGE DICTIONARY SECOND COLLEGE EDITION, p. 454, definition 7 (Houghton Mifflin Company 1982). Using this definition for "engage," Applicant fails to understand how the large protuberance 24 engages the upper platform 12 in Bishow as these two components do not interlock or mesh together in Figure 3 or any figure of Bishow. Therefore, Bishow does not teach the "lower housing engaging said upper platform" and the other two cited patents also do not teach this element and relationship between two elements.

With respect to claim 2, the handle of Karstadt, which even if it was analogous art, fails to teach the handle as recited in claim 2.

The Examiner continues to not point to anything in the relied upon art to show a motivation to combine the art in the manner proposed by the Examiner. Applicant respectfully requests that this rejection be withdrawn.

The Examiner rejects claim 3 under 35 U.S.C. §103(a) as allegedly being unpatentable over Bishow in view of Montgomery and Karstadt and further in view of Zetocha et al. (U.S. Pat. No. 5,683,337). This rejection is respectfully traversed.

Applicant submits that based on the rationale expressed above in connection with claim 1 that claim 3 is likewise patentable because of its dependency from claim 1. Additionally, if the ball bearings 50 and ball bearing channels 54 of Zetocha were inserted into the Bishow device, then the functionality of the Bishow device would be destroyed. The primary objective of the Bishow device is to provide "two different motions simultaneously and in combination so that the user when rotating can impart different rocking inertial movement to the device which then causes the user to

experience a unique overall movement." Col. 1, lines 44-49. The caster assemblies 22 provide a height to separate the planer base 12 from the bottom member 14 thus preventing the planer base 12 from touching the floor and thus allowing the planer base 12 to rotate relative to the bottom member 14 during use. The Zetocha ball bearings would not provide this clearance and instead would provide no or little separation between the planer base and bottom member thus having the planer base resting against the floor and restricting if not outright preventing rotation of the planer base relative to the bottom member. This would destroy the stated objectives for the Bishow device. Therefore, Applicant respectfully requests that this rejection be withdrawn.

The Examiner rejects claims 6-8 under 35 U.S.C. §103(a) as allegedly being unpatentable over Anbar (U.S. Pat. No. 3,593,994). This rejection is respectfully traversed.

Anbar does not teach or suggest either the bolt 25 or the nut 26 being accessible through a hole in the floor of the base 11. Anbar instead teaches the presence of threaded holes 17a, 26a, 27a and 28a in the bottom of base 11 for screws 17, 26, 27, and 28 to pass through. It also appears reference number 26 is used for both a nut and a screw in Anbar. Screws 17, 26, 27, and 28 are used to attach plate 16 to base 11. Anbar teaches bolt 25 and nut 26 being used to secure plate 16 to plate 18 with no suggestion of using bolt 26 and nut 26 to be used to regulate the amount of resistance to rotation. Based on the drawings it appears that plates 16 and 18 are secured together before they are attached to base 11 and top 10, respectively. Additionally, there is no suggestion or motivation for putting a hole into base 11 or changing the orientation

of bolt 25 and nut 26. Therefore, it is respectfully requested that this rejection be withdrawn.

The Examiner rejects claim 9 under 35 U.S.C. §103(a) as allegedly being unpatentable over Anber in view of Zetocha. This rejection respectfully is traversed.

Applicant submits that claim 9 is patentable based upon it depending from claim 6, which respectfully is submitted as being patentable over Anber. To that end, Applicant respectfully submits that Zetocha does not teach or suggest the elements that are missing from Anber. Applicant respectfully requests that this rejection be withdrawn.

The Examiner rejects claim 15 under 35 U.S.C. §103(a) as allegedly being unpatentable over Anber in view of Bonewitz (U.S. Pat. No. 3,100,639). This rejection respectfully is traversed.

The Examiner has failed to state how each of the elements recited in independent claim 15 are taught and/or suggested by the combination of Anber and Bonewitz. In particular, the Examiner fails to discuss, for example, a lower housing cap aligned with a lower housing, a bearing element, and regulating components.

In the interest of advancing this examination, Applicant submits that a sheet of ribbed rubber 27 shown in Bonewitz is not a fist pad as recited in claim 15. Since the devices both taught by Anber and Bonewitz are for standing on, there is no suggestion to place a "fist pad" on top of the upper platform. The fist pad is described in the instant patent application as discussed in the paragraph bridging pages 8 and 9 as providing a

cushion for a fist, which cushion is not provided by the sheet of ribbed rubber taught by Bonewitz.

Applicant respectfully requests withdrawal of this rejection.

The Examiner rejects claim 21 under 35 U.S.C. §103(a) as allegedly unpatentable over Thomas, Jr. (U.S. Pat. No. 4,768,778) in view of Ward, III (U.S. Des. Pat. No. 374,045) and Preston (U.S. Des. Pat. No. 120,140). This rejection respectfully is traversed.

As discussed above in connection with Karstadt, it is against common sense to look to the iron art for a handle for an exercise device. Therefore, it is submitted that Preston is nonanalogous art that should not be incorporated into this combination.

Making the combination purposed by the Examiner would destroy the device disclosed by Thomas. In Figure 7, the handle 26 is illustrated as showing a rotation about the horizontal axis. Col. 6, lines 49-50. Adding a second upright portion to the free end of handle 26 would destroy the described functionality of the Thomas device. Therefore, Thomas teaches away from combining it with a handle with upright supports at both ends as disclosed in Ward and Preston.

Additionally, Ward discloses a handle with two supports that have the same height and a cross piece that is parallel to the support surface as illustrated below:

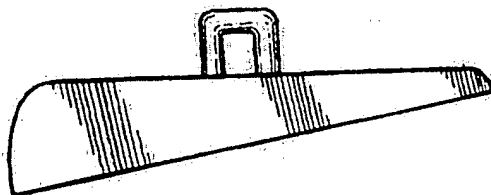


Figure 4 (tilted). Therefore, the Examiner is unable to rely upon Ward to teach an inclined handle connecting a tall and a short upright portion.

Applicant submits that there is no suggestion in the devices illustrated in Ward and Preston to combine them with any thing else as they both are design patents.

Furthermore, the Examiner fails to explain why the placement of the pinkie of each hand relative to the short upright portion of the device recited in claim 1 is obvious once one of ordinary skill in art would see the alleged modified device beyond a conclusory statement. Based upon the art of record in this application, Applicant submits that in view of Montgomery there is no suggestion in the art to place the pinkie near the taller upright portion when Montgomery illustrates the pinkie being placed next to a shorter upright portion. See Montgomery, Figures 1 and 4-7.

Applicant notes for the record a recent decision of the Federal Circuit that reaffirms the need for the combination of art to be supported by evidence suggesting, teaching or providing motivation for the combination proposed by the U.S. Patent & Trademark Office. *In re Sang Su Lee*, 2002 U.S. App. LEXIS 855, *9-13 (a copy is attached). The analysis and support need to be stated with specificity to satisfy the requirements of 35 U.S.C. §103(a). *Id.* 10-11 (citations omitted). In that particular case, the Court explained that the use of conclusory statements is insufficient and is an indication that the Examiner is simply using "that which the inventor taught against its teacher," which is improper. *Id.* at 12 citing *W.L. Gore v. Garlock, Inc.*, 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983). Applicant respectfully submits that the rejections made in the Office Action are based on conclusory statements. Examples of

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this are "a person of ordinary skill in the art could have readily appreciated that the Bishow's handle could be inclined in view of the Montgomery teaching" and "since such bearing structure [or feature] is notoriously old and well known in the art."

Applicant acknowledges the Examiner's allowance of claims 4, 10, 14, and 16.

In view of the above amendments and Remarks, it courteously is urged that all the claims are allowable and that the application now is in condition for allowance. If the Examiner believes that the prosecution could be advanced through a telephone conversation, then the Examiner is invited to telephone the undersigned. Favorable action in this regard earnestly is solicited.

Respectfully submitted,
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VERSION WITH MARKINGS TO SHOW CHANGES MADE

In the claims:

13. (Twice Amended) An exercise device comprising:

a lower housing including a lower housing cap, a cylindrical base, and a rim around a periphery of said cylindrical base, said lower housing cap rests on said cylindrical base, said lower housing cap having an opening passing therethrough,

an upper housing shrouding said cylindrical base, said upper housing includes a platform, a cylindrical extension extending down from said platform, a handle extending upward from said platform, and a rim around an inside cavity of said cylindrical extension, said rim engages said rim of said lower housing,

means for [rotating] allowing rotation of said platform of said upper housing relative to said lower housing such that said lower housing remains stationary while said platform freely rotates on said lower housing, said means providing an opening passing therethrough aligned with the opening of said lower housing cap, and

means for resisting rotation in communication with said lower housing and said upper housing, said resisting rotation means are internal to said lower housing and said upper housing, said resisting rotation means passing through the opening in said lower housing cap and the opening in said rotating means.



LEXSEE 2002 U.S. App. LEXIS 855

IN RE SANG SU LEE

00-1158

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2002 U.S. App. LEXIS 855

January 18, 2002, Decided

PRIOR HISTORY:

[*1] Appealed from: Patent & Trademark Office Board of Patent Appeals and Interferences. (Serial No. 07/631,240).

DISPOSITION:

Vacated and remanded.

under the Administrative Procedure Act, and remand for further proceedings.

n1 Ex parte Lee, No. 1994-1989 (Bd. Pat. App. & Int. Aug. 30, 1994; on reconsid'n Sept. 29, 1999).

COUNSEL:

Richard H. Stern, of Washington, DC, argued for Sang Su Lee. With him on the brief was Robert E. Bushnell.

[*2]

The Prosecution Record

Sidney O. Johnson, Jr., Associate Solicitor, of Arlington, Virginia, argued for the Director of the U.S. Patent and Trademark Office. With him on the brief were John M. Whealan, Solicitor, and Raymond T. Chen, Associate Solicitor. Of counsel were Maximilian R. Peterson and Mark Nagumo, Associate Solicitors.

Mr. Lee's patent application is directed to a method of automatically displaying the functions of a video display device and demonstrating how to select and adjust the functions in order to facilitate response by the user. The display and demonstration are achieved using computer-managed electronics, including pulse-width modulation and auto-fine-tuning pulses, in accordance with procedures described in the specification. Claim 10 is representative:

JUDGES:

Before NEWMAN, CLEVINGER, and DYK, Circuit Judges.

10. A method for automatically displaying functions of a video display device, comprising:

OPINIONBY:

NEWMAN

determining if a demonstration mode is selected;

OPINION:

NEWMAN, Circuit Judge.

if said demonstration mode is selected, automatically entering a picture adjustment mode having a picture menu screen displaying a list of a plurality of picture functions; and

Sang-Su Lee appeals the decision of the Board of Patent Appeals and Interferences of the United States Patent and Trademark Office, rejecting all of the claims of Lee's patent application Serial No. 07/631,210 entitled "Self-Diagnosis and Sequential-Display Method of Every Function." n1 We vacate the Board's decision for failure to meet the adjudicative standards for review

automatically demonstrating selection and adjustment of individual ones of said plurality of picture functions.

The examiner rejected the claims on the ground of obviousness, citing the combination of two references:

United States Patent No. 4,626,892 to Nortrup, and the Thunderchopper Helicopter Operations Handbook for a video game. The Nortrup reference describes a television [*3] set having a menu display by which the user can adjust various picture and audio functions; however, the Nortrup display does not include a demonstration of how to adjust the functions. The Thunderchopper Handbook describes the Thunderchopper game's video display as having a "demonstration mode" showing how to play the game; however, the Thunderchopper Handbook makes no mention of the adjustment of picture or audio functions. The examiner held that it would have been obvious to a person of ordinary skill to combine the teachings of these references to produce the Lee system.

Lee appealed to the Board, arguing that the Thunderchopper Handbook simply explained how to play the Thunderchopper game, and that the prior art provided no teaching or motivation or suggestion to combine this reference with Nortrup, or that such combination would produce the Lee invention. The Board held that it was not necessary to present a source of a teaching, suggestion, or motivation to combine these references or their teachings. The Board stated:

The conclusion of obviousness may be made from common knowledge and common sense of a person of ordinary skill in the art without any specific hint or [*4] suggestion in a particular reference.

Board op. at 7. The Board did not explain the "common knowledge and common sense" on which it relied for its conclusion that "the combined teachings of Nortrup and Thunderchopper would have suggested the claimed invention to those of ordinary skill in the art."

Lee filed a request for reconsideration, to which the Board responded after five years. The Board reaffirmed its decision, stating that the Thunderchopper Handbook was "analogous art" because it was "from the same field of endeavor" as the Lee invention, and that the field of video games was "reasonably pertinent" to the problem of adjusting display functions because the Thunderchopper Handbook showed video demonstrations of the "features" of the game. On the matter of motivation to combine the Nortrup and Thunderchopper references, the Board stated that "we maintain the position that we stated in our prior decision" and that the Examiner's Answer provided "a well reasoned discussion of why there is sufficient motivation to combine the references." The Board did not state the examiner's reasoning, and review of the Examiner's Answer reveals that the examiner merely stated that both [*5] the Nortrup function menu and the Thunderchopper demonstration mode are program features and that the Thunderchopper mode "is user-friendly" and it functions

as a tutorial, and that it would have been obvious to combine them.

Lee had pressed the examiner during prosecution for some teaching, suggestion, or motivation in the prior art to select and combine the references that were relied on to show obviousness. The Examiner's Answer before the Board, plus a Supplemental Answer, stated that the combination of Thunderchopper with Nortrup "would have been obvious to one of ordinary skill in the art since the demonstration mode is just a programmable feature which can be used in many different devices for providing automatic introduction by adding the proper programming software," and that "another motivation would be that the automatic demonstration mode is user friendly and it functions as a tutorial." The Board adopted the examiner's answer, stating "the examiner has provided a well reasoned discussion of these references and how the combination of these references meets the claim limitations." However, perhaps recognizing that the examiner had provided insufficient justification to [*6] support combining the Nortrup and Thunderchopper references, the Board held, as stated supra, that a "specific hint or suggestion" of motivation to combine was not required.

This appeal followed.

Judicial Review

Tribunals of the PTO are governed by the Administrative Procedure Act, and their rulings receive the same judicial deference as do tribunals of other administrative agencies. *Dickinson v. Zurko*, 527 U.S. 150, 50 USPQ2d 1930, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999). Thus on appeal we review a PTO Board's findings and conclusions in accordance with the following criteria:

5 U.S.C. § 706(2) The reviewing court shall--

(2) hold unlawful and set aside agency actions, findings, and conclusions found to be--

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute;

For judicial review to be meaningfully achieved within these strictures, the agency tribunal must present a full and reasoned [*7] explanation of its decision. The agency tribunal must set forth its findings and the

grounds thereof, as supported by the agency record, and explain its application of the law to the found facts. The Court has often explained:

The Administrative Procedure Act, which governs the proceedings of administrative agencies and related judicial review, establishes a scheme of "reasoned decisionmaking." Not only must an agency's decreed result be within the scope of its lawful authority, but the process by which it reaches that result must be logical and rational.

Allentown Mack Sales and Service, Inc. v. National Labor Relations Bd., 522 U.S. 359, 374, 139 L. Ed. 2d 797, 118 S. Ct. 818 (1998) (citation omitted). This standard requires that the agency not only have reached a sound decision, but have articulated the reasons for that decision. The reviewing court is thus enabled to perform meaningful review within the strictures of the APA, for the court will have a basis on which to determine "whether the decision was based on the relevant factors and whether there has been a clear error of judgment." *Citizens to Preserve Overton Park v. Volpe*, 401 U.S. 402, 416, 28 L. Ed. 2d 136, 91 S. Ct. 814 (1971). [*8] Judicial review of a Board decision denying an application for patent is thus founded on the obligation of the agency to make the necessary findings and to provide an administrative record showing the evidence on which the findings are based, accompanied by the agency's reasoning in reaching its conclusions. See *In re Zurko*, 258 F.3d 1379, 1386, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001) (review is on the administrative record); *In re Gartside*, 203 F.3d 1305, 1314, 53 USPQ2d 1769, 1774 (Fed. Cir. 2000) (Board decision "must be justified within the four corners of the record").

As applied to the determination of patentability vel non when the issue is obviousness, "it is fundamental that rejections under 35 U.S.C. § 103 must be based on evidence comprehended by the language of that section." *In re Grasselli*, 713 F.2d 731, 739, 218 USPQ 769, 775 (Fed. Cir. 1983). The essential factual evidence on the issue of obviousness is set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 148 USPQ 459, 467, 15 L. Ed. 2d 545, 86 S. Ct. 684 (1966) and extensive ensuing precedent. The patent examination process [*9] centers on prior art and the analysis thereof. When patentability turns on the question of obviousness, the search for and analysis of the prior art includes evidence relevant to the finding of whether there is a teaching, motivation, or suggestion to select and combine the references relied on as evidence of obviousness. See, e.g., *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351-52, 60 USPQ2d 1001, 1008 (Fed. Cir. 2001) ("the central question is whether there is reason to combine [the]

references," a question of fact drawing on the Graham factors).

"The factual inquiry whether to combine references must be thorough and searching." *Id.* It must be based on objective evidence of record. This precedent has been reinforced in myriad decisions, and cannot be dispensed with. See, e.g., *Brown & Williamson Tobacco Corp. v. Philip Morris Inc.*, 229 F.3d 1120, 1124-25, 56 USPQ2d 1456, 1459 (Fed. Cir. 2000) ("a showing of a suggestion, teaching, or motivation to combine the prior art references is an 'essential component of an obviousness holding'") (quoting *C.R. Bard, Inc. v. M3 Systems, Inc.*, 157 F.3d 1340, 1352, 48 USPQ2d 1225, 1232 (Fed. Cir. 1998)); [*10] *In re Dembiczak*, 175 F.3d 994, 999, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999) ("Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references."); *In re Dance*, 160 F.3d 1339, 1343, 48 USPQ2d 1635, 1637 (Fed. Cir. 1998) (there must be some motivation, suggestion, or teaching of the desirability of making the specific combination that was made by the applicant); *In re Fine*, 837 F.2d 1071, 1075, 5 USPQ2d 1596, 1600 (Fed. Cir. 1988) ("teachings of references can be combined only if there is some suggestion or incentive to do so.") (emphasis in original) (quoting *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1577, 221 USPQ 929, 933 (Fed. Cir. 1984)).

The need for specificity pervades this authority. See, e.g., *In re Kotzab*, 217 F.3d 1365, 1371, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000) ("particular findings must be made as to the reason the skilled artisan, with no knowledge of the claimed invention, [*11] would have selected these components for combination in the manner claimed"); *In re Rouffet*, 149 F.3d 1350, 1359, 47 USPQ2d 1453, 1459 (Fed. Cir. 1998) ("even when the level of skill in the art is high, the Board must identify specifically the principle, known to one of ordinary skill, that suggests the claimed combination. In other words, the Board must explain the reasons one of ordinary skill in the art would have been motivated to select the references and to combine them to render the claimed invention obvious."); *In re Fritch*, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992) (the examiner can satisfy the burden of showing obviousness of the combination "only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references").

With respect to Lee's application, neither the examiner nor the Board adequately supported the selection and combination of the Nortrup and Thunderchopper references to render obvious that which

Lee described. The examiner's conclusory statements that "the demonstration mode [*12] is just a programmable feature which can be used in many different devices for providing automatic introduction by adding the proper programming software" and that "another motivation would be that the automatic demonstration mode is user friendly and it functions as a tutorial" do not adequately address the issue of motivation to combine. This factual question of motivation is material to patentability, and could not be resolved on subjective belief and unknown authority. It is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to "[use] that which the inventor taught against its teacher." *W.L. Gore v. Garlock, Inc.*, 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983). Thus the Board must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency's conclusion.

Deferential judicial review under the Administrative Procedure Act does not relieve the agency of its obligation to develop an evidentiary basis for its findings. To the contrary, the Administrative Procedure Act reinforces [*13] this obligation. See, e.g., *Motor Vehicle Manufacturers Ass'n v. State Farm Mutual Automobile Ins. Co.*, 463 U.S. 29, 43, 77 L. Ed. 2d 443, 103 S. Ct. 2856 (1983) ("the agency must examine the relevant data and articulate a satisfactory explanation for its action including a 'rational connection between the facts found and the choice made.'") (quoting *Burlington Truck Lines v. United States*, 371 U.S. 156, 168, 9 L. Ed. 2d 207, 83 S. Ct. 239 (1962)); *Securities & Exchange Comm'n v. Chenery Corp.*, 318 U.S. 80, 94, 87 L. Ed. 626, 63 S. Ct. 454 (1943) ("The orderly function of the process of review requires that the grounds upon which the administrative agency acted are clearly disclosed and adequately sustained.").

In its decision on Lee's patent application, the Board rejected the need for "any specific hint or suggestion in a particular reference" to support the combination of the Nortrup and Thunderchopper references. Omission of a relevant factor required by precedent is both legal error and arbitrary agency action. See *Motor Vehicle Manufacturers*, 463 U.S. at 43 ("an agency rule would be arbitrary and [*14] capricious if the agency ... entirely failed to consider an important aspect of the problem"); *Mullins v. Department of Energy*, 50 F.3d 990, 992 (Fed. Cir. 1995) ("It is well established that agencies have a duty to provide reviewing courts with a sufficient explanation for their decisions so that those decisions may be judged against the relevant statutory standards, and that failure to provide such an explanation is grounds for striking down the action."). As discussed in *National Labor Relations Bd. v. Ashkenazy Property Mgt. Corp.*,

817 F.2d 74, 75 (9th Cir. 1987), an agency is "not free to refuse to follow circuit precedent."

The foundation of the principle of judicial deference to the rulings of agency tribunals is that the tribunal has specialized knowledge and expertise, such that when reasoned findings are made, a reviewing court may confidently defer to the agency's application of its knowledge in its area of expertise. Reasoned findings are critical to the performance of agency functions and judicial reliance on agency competence. See *Baltimore and Ohio R. R. Co. v. Aberdeen & Rockfish R. R. Co.*, 393 U.S. 87, 91-92, 21 L. Ed. 2d 219, 89 S. Ct. 280 (1968) [*15] (absent reasoned findings based on substantial evidence effective review would become lost "in the haze of so-called expertise"). The "common knowledge and common sense" on which the Board relied in rejecting Lee's application are not the specialized knowledge and expertise contemplated by the Administrative Procedure Act. Conclusory statements such as those here provided do not fulfill the agency's obligation. This court explained in *Zurko*, 258 F.3d at 1385, 59 USPQ2d at 1697, that "deficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" The Board's findings must extend to all material facts and must be documented on the record, lest the "haze of so-called expertise" acquire insulation from accountability. "Common knowledge and common sense," even if assumed to derive from the agency's expertise, do not substitute for authority when the law requires authority. See *Allentown Mack*, 522 U.S. at 376 ("Because reasoned decisionmaking demands it, and because the systemic consequences of any other approach are unacceptable, the Board must be required to apply in fact the [*16] clearly understood legal standards that it enunciates in principle")

The case on which the Board relies for its departure from precedent, *In re Bozek*, 57 C.C.P.A. 713, 416 F.2d 1385, 163 USPQ 545 (CCPA 1969), indeed mentions "common knowledge and common sense," the CCPA stating that the phrase was used by the Solicitor to support the Board's conclusion of obviousness based on evidence in the prior art. Bozek did not hold that common knowledge and common sense are a substitute for evidence, but only that they may be applied to analysis of the evidence. Bozek did not hold that objective analysis, proper authority, and reasoned findings can be omitted from Board decisions. Nor does Bozek, after thirty-two years of isolation, outweigh the dozens of rulings of the Federal Circuit and the Court of Customs and Patent Appeals that determination of patentability must be based on evidence. This court has remarked, in *Smiths Industries Medical Systems, Inc. v. Vital Signs, Inc.*, 183 F.3d 1347, 1356, 51 USPQ2d

1415, 1421 (*Fed. Cir. 1999*), that Bozek's reference to common knowledge "does not in and of itself make it so" absent evidence [*17] of such knowledge.

The determination of patentability on the ground of unobviousness is ultimately one of judgment. In furtherance of the judgmental process, the patent examination procedure serves both to find, and to place on the official record, that which has been considered with respect to patentability. The patent examiner and the Board are deemed to have experience in the field of the invention; however, this experience, insofar as applied to the determination of patentability, must be applied from the viewpoint of "the person having ordinary skill in the art to which said subject matter pertains," the words of section 103. In finding the relevant facts, in assessing the significance of the prior art, and in making the ultimate determination of the issue of obviousness, the examiner and the Board are presumed to act from this viewpoint. Thus when they rely on what they assert to be general knowledge to negate patentability, that knowledge must be articulated and placed on the record. The failure to do so is not consistent with either effective administrative procedure or effective judicial review. The board cannot rely on conclusory statements when dealing with particular combinations [*18] of prior art and specific claims, but must set forth the rationale on which it relies.

Alternative Grounds

At oral argument the PTO Solicitor proposed alternative grounds on which this court might affirm the Board's decision. However, as stated in *Burlington Truck Lines, Inc. v. United States*, 371 U.S. 156, 168, 9 L. Ed. 2d 207, 83 S. Ct. 239 (1962), "courts may not accept appellate counsel's post hoc rationalization for agency action." Consideration by the appellate tribunal of new agency justifications deprives the aggrieved party of a fair opportunity to support its position; thus review of an administrative decision must be made on the grounds relied on by the agency. "If those grounds are inadequate or improper, the court is powerless to affirm the administrative action by substituting what it considers to be a more adequate or proper basis." *Securities &*

Exchange Comm'n v. Chenery Corp., 332 U.S. 194, 196, 91 L. Ed. 1995, 67 S. Ct. 1575 (1947). As reiterated in *Federal Election Comm'n v. Akins*, 524 U.S. 11, 25 (1998), "If a reviewing court agrees that the agency misinterpreted the law, it will set aside the [*19] agency's action and remand the case -- even though the agency (like a new jury after a mistrial) might later, in the exercise of its lawful discretion, reach the same result for a different reason." Thus we decline to consider alternative grounds that might support the Board's decision.

Further Proceedings

Sound administrative procedure requires that the agency apply the law in accordance with statute and precedent. The agency tribunal must make findings of relevant facts, and present its reasoning in sufficient detail that the court may conduct meaningful review of the agency action. In *Radio-Television News Directors Ass'n v. FCC*, 337 U.S. App. D.C. 292, 184 F.3d 872 (D.C. Cir. 1999) the court discussed the "fine line between agency reasoning that is 'so crippled as to be unlawful' and action that is potentially lawful but insufficiently or inappropriately explained," quoting from *Checkosky v. Securities & Exch. Comm'n*, 306 U.S. App. D.C. 144, 23 F.3d 452, 464 (D.C. Cir. 1994); the court explained that "in the former circumstance, the court's practice is to vacate the agency's order, while in the latter the court frequently remands for further explanation [*20] (including discussion of the relevant factors and precedents) while withholding judgment on the lawfulness of the agency's proposed action." 184 F.3d at 888. In this case the Board's analysis of the Lee invention does not comport with either the legal requirements for determination of obviousness or with the requirements of the Administrative Procedure Act that the agency tribunal set forth the findings and explanations needed for "reasoned decisionmaking." Remand for these purposes is required. See *Overton Park*, 401 U.S. at 420-221 (remanding for further proceedings appropriate to the administrative process).

VACATED AND REMANDED